Transcript — KPMG Pulse of Fintech Podcast — bolttech

Presenter

Hello and welcome to KPMG's Global Pulse of Fintech podcast series where we connect with Fintech leaders and entrepreneurs pioneering new innovations and driving growth in the financial services sector. I'm [Perdita Avery] your host and today. I'm joined by KPMG's Anton Ruddenklau who recently sat down with Rob Schimek CEO of bolttech to discuss how this fast-growing unicorn is forging a global tech-enabled insurance ecosystem.

Anton, over to you…

Anton Ruddenklau

Welcome, everyone. My name is Anton Ruddenklau. I'm the Global Head of Innovation for our financial services businesses in KPMG International. Good to be here. With me today, we have Rob Schimek, who is the CEO of bolttech, a very unique unicorn, Insurtech firm. So Rob, great to hear a little bit of background from you please.

Rob Schimek

Anton I am very pleased to have the opportunity to be with you today to talk a little bit about bolttech. Quick background on me. I'm a former partner with Deloitte & Touche in the United States. Spent 12 years after that with AIG, ultimately running the commercial insurance business for AIG everywhere around the world. And then in 2018, I was given the opportunity to move to Asia. I live in Singapore, and I began what has now become known as bolttech. And that business is today serving general insurance clients on three continents around the world — North America, Europe and Asia.

Anton Ruddenklau

It would be great to hear a little bit about the story of bolttech Can you talk through the story of how bolttech came to be?

Rob Schimek

Sure. So first, bolttech was officially launched in 2020. We're a high growth international and insuretech. And the mission of bolttech is to become the world's leading technology enabled ecosystem. We connect insurers, distribution partners and customers, making it easier and more efficient to buy and sell insurance.

Anton Ruddenklau

You seem to look at the world quite differently at bolttech. Can you talk a little bit around your proposition on how you're looking to help people or companies protect themselves and what insurance means to you?

Rob Schimek

So we built an insurance ecosystem that enables our partners to offer insurance at the point of need with their existing customer journeys. One of the key differentiators that we've focused on is being able to deliver everything that a partner needs in one place. Creating a one-stop shop, empowering anyone to be able to sell insurance. And what we kind of bring to the table for folks could probably be summarized in five kind of key components.

Firstly, technology. We have built some awesome tech infrastructure that enables any business to sell insurance. For our partners, this means you get quick and seamless integration regardless of the size or the complexity of who you are.

The second thing that we have is we have insurance licenses. This business requires technology, but it also requires the insurance knowledge and expertise.

And maybe one of the more interesting things is that many of our teammates are really insurance insiders. So if you're going to try to help to change the insurance industry, I think it's much better done from the inside out then per se, from the outside in. And so we're insurance insiders that bring technology to the table. And what we bring with these insurance licenses and our insurance capabilities is an end-end, hassle-free insurance service. And that means minimal effort and minimal cost during the sales process. We also do a lot in the area of customization, we design customized insurance to meet any customer journey or context.

Many people talk about everything being end-to-end digital, and that's the nirvana. I'd love that, too. But the world's not completely ready in all ways for an end-to-end digital journey and for our partners, that means that we can improve sales and conversion and customer support using that combination of online and offline.

And then the last thing that we really bring here is after sales service. So we're really good at handling claims, repairs, replacements. And for our partners, it means that they get an increase in customer lifetime value and customer loyalty.

Anton Ruddenklau

That's a very comprehensive five, which I've written down while listening to you. I suppose on the first one technology, you must have a secret sauce. You must have great engineering capability that sits behind your propositions to be able to make this extensible, scalable platform. Can you talk to me a bit around your philosophy on the technology backbone and how you invest as a firm?

Rob Schimek

The technology is really headquartered in a series of hubs around the world where it enables us to bring a lot of different perspectives and a lot of different capabilities that wouldn't necessarily be available in any one of those locations. So here's what I want you to know, first and foremost, bolttech is an insurance exchange, we're a technology enabled insurance exchange.

We bring buyers and sellers of insurance. We do this in a liquid manner, meaning that we try to avoid failed trades. When someone wants to buy, we have someone who wants to sell, what someone wants to sell we have someone who wants to buy. You have to have credibility in that and you have to have scale. The primary capability behind this technology was developed in Tel Aviv, Israel.

And while it's now this baby new organization known as bolttech, the truth of the matter is that we've been at it for a long time. Working with some of the best engineers on the planet, on building a technology that makes the entire journey as simple as possible.

For example, some of the secret sauce in this insurance exchange Anton includes pre-fill. So when you're doing underwriting questions for a customer, and typically you might say, okay, so when was your house constructed? What year was the roof put on? What kind of materials were used? How far are you from the police station, the fire station, etc.? If you asked me some of those details about my own house, I might or might not really know it. But what if we could just pre-fill all of that for you and you don't need to actually answer those questions in the first place. Just make the customer experience simple. Keep it easy for people. And then our capability matches the customer with as many as 190 different insurance underwriting teams.

And as we ask those few questions, we can narrow quickly down to which one, two, three, four, five insurance carriers are really going to have the solution for you at first as a customer. So we don't waste your time having to answer questions that are irrelevant because those questions aren't for a carrier that we know isn't going to provide the ultimate solution.

Those are examples of some of the secret sauce that sits in the technology behind the exchange. We've also built out technology hubs that recognize that not all the best ideas come out of one location. We have a great hub in Portugal where we're able to service our European business and our Asian business, in particular, with awesome front-end customer experience technology.

And then we also have a very effective, cost effective solution where we have a technology service centre in Malaysia that also is able to provide round-the-clock service for our platform, but also in a very cost efficient and very technologically advanced way. So that's sort of how we make it happen.

Anton Ruddenklau

Thank you. Tell me a bit about your business model, because you've talked about customer experience. And you've talked then around ecosystem and partnerships. So I assume that you offer different business models, business to consumer, but maybe you've got a business to business to consumer model as well. How does that work at the moment?

Rob Schimek

So Anton, we focus predominantly in the B2B2C space, we try to connect and enable our business partners to access our technology enabled insurance exchange, the world's largest, to make insurance and protection more accessible to their customers. But we recognize that it's their customer and we're not here to disrupt to them. In fact, what you'll hear from bolttech always is that we're an enabler. And so maybe to kind of give you examples here, one significant growth space for us in the B2B2C area is really for non-insurance players. An example of an opportunity that we have in the non-insurance space is as a distributor where we can help our customers monetize their existing client base.

For example, an e-commerce platform can realize additional revenues by integrating insurance for new purchases, an e-wallet can branch out into offering a range of insurance, and a telco, which is a big target space for bolttech. We can add device protection to the customer journey. So, at the time you buy your phone, you can protect your phone. We also have some really neat technology that enables us to do that without ever seeing your phone, even whether it's a used phone because we can assess whether that phone works correctly without ever putting it into our hands.

And we have also technology that helps a customer graduate not just from insuring their cell phone, to insuring any electronic device that they have in their home that's connected to the Internet.

So the total addressable market for these sectors, it's just huge. And so we try to act as a one stop shop offering not just the platform, but we want to give people access to the insurers, the products and of course, the insurance expertise.

Anton Ruddenklau

It feels like you're offering a type of embedded finance then, which is quite unique for insurance. I'm guessing you must be on the cutting edge in that respect with telco and corporates and e-wallets?

Rob Schimek

Yeah, and by the way, you said embedded finance kind of an interesting choice. We work with finance companies as an example. So that's a great example of a place where we try to work at a company that will lend you money so that you can actually finance your transactions. At the same time, they're lending you money and you're buying a piece of personal property that is valuable to you. At the same time that you will want to protect that property. And we try to make it easy for the customer, we try to make it easier for our business partner to make that customer stick.

Anton Ruddenklau

That sounds fantastic. So bolttech's been really, really strong at going from start-up to scale up quickly and most of our fintech friends, that's a good five, seven year journey to get to a proper scale up. You've done it in much less time. How have you learnt to do that so quickly, and how do you make these partnerships valuable for both the partner and bolttech or even the third-party that might be in that triumvirate?

Rob Schimek

We believe in growing our existing partnerships by scaling with our partners to offer more products and services to their customers. So when a partner comes to us, many times they have one idea of something that they'd like to do.

One of the things that we specialize with those partners in is helping them to think through a roadmap of where they could go and what's beyond this one need. We've got 34 licenses across Asia and Europe, and we also have insurance licenses in 50 States in the US. And so these licenses are really important. They're actually part of the moat that makes it very difficult for others to come in and compete so easily.

In the end, when you work with ecosystem partners, it's just about having strong relationships with those partners where you can enter into new markets through existing partners. So for example, in 2021 we entered into six countries in Europe with our valued partner Samsung, who we were already working with in Asia. But Samsung asked us could you bring that same capability that you're showing us so well in some of these Asian markets into Europe? And a lot of the things that Samsung is doing is really leveraging the capabilities that we're able to do with them in other countries.

It's so much more effective when you have someone who understands telco talking to a telco partner, someone who understands banking and finance, to a banking and finance partner. And that can't be underestimated. You can't have generalists talking to different industry groups like they're all the same because it is quite different.

Anton Ruddenklau

Yeah, that certainly resonates. Now, you mentioned blockchain biometrics, edge computing before getting very excited. Obviously, this is the hype curve out there at the moment. Web 3.0, the amount of people who talk around the metaverse, I mean, crickey, I think that's overhyped. Your views on how are we going digital and whether bolttech has a proposition in the metaverse or around the crypto?

Rob Schimek

I have views when you think about things like the metaverse, like any new potential distribution channel, we just need to keep an open mind. And if businesses and customers are present in the metaverse, then there's going to be a need for insurance and protection products. So while the metaverse might be a new term, virtual reality and digital worlds have existed for a long time already, and many of them already have thriving ecosystems.

So we're currently evaluating options for having a presence in the metaverse, although we're not yet certain what it actually means. Is it a brand? Is it distribution? Is it a virtual agency? Or is it making our 'get quote' API, for example, available to the metaverse? So these are all possibilities. It's hard to say, but I think the one takeaway for sure is you have to be well-versed in current events and you have to be very open minded. We don't know for sure and we're not afraid to say we don't know for sure. But I can tell you this that when the opportunities present themselves, bolttech will be there.

Anton Ruddenklau

Thank you. Now, if I can just change tact for a moment, you are CEO of a large-scaled unicorn and Insuretech. So you've done your big series A last year. Created some records around that, truly international in your scale and market presence. For you as a CEO, aside from, you know, guiding the business forward in your platform sort of ecosystem strategy, what else is top of your agenda right now? Where else are you kind of considering next steps?

Rob Schimek

I think if the last few years have taught us anything, it's that you have to build resilience against the uncertainty and disruption that's caused by these impossible to predict external circumstances. But, these things also present challenges and opportunities for us. And we have to make sure that we can separate the challenges from the opportunities. So if I could raise one challenge that we wrestle with every day, particularly during the pandemic, it's the ability to bring our globally distributed team together in person.

We're a young company. Having launched our brand only a little bit over a year ago. We've seen exponential growth expanding from originally just two markets to now 30 markets at the end of 2021. And yet there's still members of my executive team, not just members of the team, that I haven't even met in person since they joined the company.

And we've launched Greenfield businesses in markets where I still haven't even been able to visit. So while we've achieved tremendous results and will endeavour to deliver a consistent and unified employee experience, we've done it under really non-ideal circumstances. So I'm really excited about what we could do to reach our full potential as the world starts to open up and we can begin to bring our teams together.

But to me, that's the one challenge that has really stood out. I use the example, literally I have not met my general counsel, even though he's on our team, an award-winning general counsel, meaning we awarded him with one of our recognitions at the end of 2021 for his awesome contributions this past year. And yet I've never met the guy face to face. I see him every day on Zoom or Teams, but not face to face.

Anton Ruddenklau

It is a funny world when you're in one hand, we talk around the metaverse and then the other way it's we've got reality sitting in front of us, its culture, relationships, pastoral care. We know this is a thing that we've got to get back to post-COVID and I'm with you on that one.

Aside from all the things we've spoken about, next five years, what would good look like if you had to sit back in your chair and say, Right, we've achieved the mission?

Rob Schimek

Great question. I will say this first of all — The thing that it takes to make the bolt rocket ship continue to run is rocket fuel. And that fuel comes in the form of capital. So the fact that we had a fantastic Series A and have been able to attract such wonderful investors as we've already attracted in Singapore, of course, we have the Economic Development Board, which was a really nice vote of confidence from that from the country, but also great investors out of the United States.

We raised just about a quarter of a billion dollars of Series A funding in 2021. What I acknowledge is that we will, in fact, continue to grow. Our number one priority is to bring in this capability that we've got to as many markets as possible and to continue to invest in that technology and to invest in the people that that will be required to make it work.

I think that if we are able to weather any of the storms like the pandemic or any of the other events that go on out in the world, that we can't control. my sense is that you'll see us entering new countries, investing more into the technology and quite frankly, extending our lead, which is the position as the largest insurance exchange in the world, extending that lead and extending that position is our number one priority in the next five years.

Anton Ruddenklau

Thanks, Rob. That sounds great. It's a great way to finish our conversation. Good luck with the rocket ship.

Rob Schimek

Thank you, Anton. Thank you. And I look forward to being back with you sometime in the future.

Presenter

That was Rob Schimek in conversation with KPMG's Global Head of Fintech and Innovation for Financial Services, Anton Ruddenklau.

Join us again soon for more insights with the leaders and innovators of Fintech. You can also see the latest Pulse of Fintech report covering deal trends in the industry. Visit home.kpmg/fintechpulse.

home.kpmg/socialmedia

Designed by Evalueserve.

Publication name: Transcript — KPMG Pulse of Fintech Podcast — bolttech

Publication number: 138268-G | Publication date: August 2022